Ministry of Finance

Annual Report for 2016-17

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Government of Saskatchewan

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Letters of Transmittal

The Honourable
Kevin Doherty
Minister of Finance

Her Honour, the Honourable Vaughn Solomon Schofield, Lieutenant Governor of Saskatchewan

May It Please Your Honour:

I respectfully submit the Annual Report of the Ministry of Finance for the fiscal year ending March 31, 2017.

Sincerely,

Kevin Doherty
Minister of Finance

Clare Isman
Deputy Minister
of Finance

The Honourable Kevin Doherty, Minister of Finance

May it Please Your Honour:

I have the honour of submitting the Annual Report of the Ministry of Finance for the fiscal year ending March 31, 2017.

Respectfully submitted,

Clare Isman
Deputy Minister of Finance

Introduction

This Annual Report for the Ministry of Finance presents the results for the fiscal year ending March 31, 2017. It provides results of publicly committed strategies, key actions and performance measures identified in the *Ministry of Finance Plan for 2016-17*. It also reflects progress toward commitments from the Government Direction for 2016-17: Keeping Saskatchewan Strong, the *Saskatchewan Plan for Growth – Vision 2020 and Beyond*, throne speeches and the Ministry.

The annual report demonstrates the Ministry's commitment to effective public performance reporting, transparency and accountability to the public.

Alignment with Government's Direction

The Ministry's activities in 2016-17 align with Government's vision and four goals:

Saskatchewan's Vision

"... to be the best place in Canada – to live, to work, to start a business, to get an education, to raise a family and to build a life."

- **Sustaining growth and opportunities for Saskatchewan people**
- **Meeting the challenges of growth**
- **Securing a better quality of life for all Saskatchewan people**
- **Delivering responsive and responsible government**

Together, all ministries and agencies support the achievement of Government's four goals and work toward a secure and prosperous Saskatchewan.

Ministry Overview

Mandate Statement

The Ministry is responsible for oversight of Government revenue, expenditures, and assets. Finance is the lead ministry for fiscal policy; budget development and integrity; managing provincial debt; designing and administering fair, efficient and competitive tax regimes; pension and benefit administration; labour relations advice to Government; ensuring accountability to both the public and the Legislative Assembly for the use of public funds; and ensuring effective financial management and accounting policies and procedures.

Mission Statement

The Ministry of Finance supports excellence in governance and public administration through economic, financial and fiscal expertise, leadership and services.

Ministry Role

The Ministry of Finance plays a unique role in the affairs of the Province of Saskatchewan. As a central agency, the Ministry is responsible for advising the Government on financial implications associated with policy decisions that span across all ministries and agencies.

The Ministry, with direction from Treasury Board and Cabinet, assists in managing and controlling the finances of the Province to ensure appropriate use of public funds. The Ministry also analyzes and provides advice on tax policy matters, ensuring a fair and competitive tax regime that supports the Government's spending and debt strategies.

These responsibilities are accomplished while maintaining a close working relationship with the federal government, provincial governments across the country, and other government bodies within the province to effectively address financial issues of mutual concern.

The Ministry of Finance is responsible for receiving the majority of revenues for the Government of Saskatchewan. These include revenues from taxation, transfers from government entities, such as the Crown Investments Corporation of Saskatchewan and transfers from the federal government. The Ministry processes payments to fund public services such as health care, education and road maintenance.

The Ministry provides services directly to the public by administering provincial tax programs, including the Provincial Sales Tax (PST), and undertaking communication initiatives to keep the public informed about finance-related issues. The Ministry also provides advice, governance and administration services to pension and benefit plan boards and participating employers. Payment and support services are provided to active and retired plan members.

Finance's full-time equivalents (FTE) budget for 2016-17 was 325.4 compared to an actual FTE utilization of 321.0. The variance of 4.4 FTEs was due to vacancy management.

Staff are primarily located in Regina, with regional offices in Saskatoon and Yorkton.

A complete listing of all publications produced by the Ministry of Finance and the Public Employees Benefits Agency can be found at: www.saskatchewan.ca/finance and http://peba.gov.sk.ca.

Progress in 2016-17

Government Goals

Sustaining growth and opportunities for Saskatchewan people

Meeting the challenges of growth

Securing a better quality of life for all Saskatchewan people

Strategic priorities from the *Saskatchewan Plan for Growth*: investing in infrastructure and planning for growth; tax competitiveness; and building a competitive business environment

Ministry Goal

Support government decision making with expertise and leadership

Key Actions and Results

Continue to lead, coordinate and support the change in focus to summary budgeting and reporting including any changes required to planning, budgeting and reporting processes.

- 2016-17 was the third year for preparing the Government's budget on a summary basis.
- The Ministry provided direction, feedback and support to ministries and agencies throughout government on their planning, budgeting, performance management and reporting efforts.
- The Financial Statements for Government have been prepared on a summary basis since 1992. Preparation of the Summary Financial Statements (SFS) includes the consolidation of the financial results of about 150 Government organizations. The Ministry worked with all entities that are consolidated into the Financial Statements to address any technical accounting issues that arose.

Lead, coordinate and support the continued transformation and implementation of the Planning and Accountability Management System and program review across government.

- Use of the Government of Saskatchewan's Accountability Framework, the Planning and Accountability Management System (Framework), began in May 2014.
- The Ministry continues to work with a project team from across government to implement the Framework. Most organizations use the Framework to make better informed decisions and connect improvement, planning, budgeting and reporting work. As part of this implementation, in September, 2016, the Corporate Projects Group and the Planning Accountability and Reporting Branch were brought together in a new branch called the Office of Planning, Performance and Improvement. This branch will continue to support the building of knowledge and skills across government to implement the Framework and improve programs and services for the people of Saskatchewan.
- Fifty per cent of the work to implement the Framework was completed as of year-end 2016-17. This is part of a five-year set of projects to ensure the Framework is well used and provides value to decision makers.

Work with ministries and agencies to develop and analyze budget options that align with Government's priorities.

- This work is ongoing with analysis and advice brought forward to Treasury Board and Cabinet during each budget development cycle.
- All ministries were required to develop plans and budget proposals that align with Government's vision, goals, commitments and priorities.

Work with SaskBuilds, ministries and others on innovative financing, design and delivery of the Saskatchewan Builds Capital Plan.

- Progress continues to be made in the advancement of Government's integrated capital planning framework, including increased utilization of pre-planning activities and the development of a standard planning process.

Provide guidance and advice to promote the use of a market-based compensation approach to ensure timely settlement of competitive collective agreements within the parameters established by Cabinet.

- At the end of 2016-17, the majority of the broader public sector agreements were open for negotiations with all employers and unions engaged in discussions to achieve savings that will assist the Government in returning to fiscal balance.

Continue the review of internal audit across government, make recommendations regarding the function of internal audit and begin implementation if change is required based on the approved recommendations.

- As part of the review on the Internal Audit Branch of the Ministry, recommendations were made to senior management. Work will continue to implement recommendations.

Work with ministries and the federal government to develop fair and effective federal/provincial agreements that address common interests.

- This work is intended to ensure that financial implications of federal/provincial agreements are properly accounted for and have received appropriate approval.
- During 2016-17, approximately 30 federal/provincial fiscal agreements were reviewed and proceeded to Cabinet for approval.

Participate in ongoing discussions with federal, provincial and territorial governments on issues related to the major intergovernmental fiscal arrangements, including transfers in support of health care, post-secondary education and social programs.

- The Ministry acts as the Government's principal contact with the federal government on major intergovernmental fiscal transfers, including the Canada Health Transfer (CHT), Canada Social Transfer (CST) and Equalization. Although the federal government holds consultations with provinces and territories on an ongoing basis, no formal agreement with provinces or territories is required with respect to these fiscal arrangements.
- In 2016-17, Saskatchewan received $1.562 billion in federal funding in support of health and social programs through the CHT and CST. Saskatchewan did not receive Equalization funding.
- On January 17, 2017, Saskatchewan announced it has reached a ten-year agreement with the federal government for health care funding related to home care and mental health. This agreement will result in Saskatchewan receiving an estimated $190.3 million for home care and $158.5 million for mental health services over the next 10 years. While much of the discussions were done jointly between the Ministers of Finance and Health in the context of a new agreement for CHT, in the end, this is separate funding and not considered part of the CHT.
- The Ministry continued policy review, with federal and provincial governments, in the area of Canada's current retirement income system.
  - On June 20, 2016, Saskatchewan joined with eight other provinces and the federal government to sign an agreement-in-principle to enhance the Canada Pension Plan (CPP). When the enhancement is fully phased in, income replacement provided by the CPP will increase from one quarter to one third of eligible earnings, improving retirement incomes for the next generation of Canadian seniors.
  - To fund the enhanced benefit, all employees and employers will contribute more to the CPP. Contribution rates will increase gradually over seven years, beginning January 1, 2019 through 2025. The long and gradual phase-in will enable individuals, businesses, and the economy to adjust to the increased contributions.
  - Pooled Registered Pension Plans (PRPPs) represent another new savings tool that provides employers with a low-cost pension alternative that may be simpler to implement than a traditional pension plan. On June 1, 2016, all the steps were completed for PRPPs to be legally sold in Saskatchewan, with the enactment into force of a multi- lateral agreement between the federal government, Saskatchewan and other provinces to ensure efficient regulation and supervision of PRPPs. By the end of 2016-17, PRPPs were legally able to be sold in Saskatchewan, British Columbia, Nova Scotia, Quebec, Ontario and in sectors regulated under federal legislation (e.g. banking air and rail transportation, and telecommunications).

Review provincial tax policies to ensure they align with the priorities and actions set out in the *Saskatchewan Plan for Growth* and that specific policies and actions are affordable.

- This work is ongoing with analysis and advice brought forward to Treasury Board and Cabinet during each budget cycle.
- The transformational change initiative, combined with the need to put the Province on a sustainable track to fiscal balance, included extensive reviews on new tax policy initiatives that were considered and announced in the 2017-18 Budget. Further details can be found starting at page 50 of the 2017-18 Saskatchewan Provincial Budget: http://www.finance.gov.sk.ca/budget17-18/2017-18Budget.pdf.
- Legislation to implement these initiatives was tabled in the Spring 2017 sitting of the Legislative Assembly and passed by the Legislative Assembly in May 2017.

Review and examine the Provincial Sales Tax (PST) base to determine if there are modernization options that consider changing consumer buying opportunities.

- As part of the transformational change initiative, a substantial modernization of the PST base was undertaken and announced in the 2017-18 Budget. Further details can be found starting at page 50 of the 2017-18 Saskatchewan Provincial Budget: http://www.finance.gov.sk.ca/budget17-18/2017-18Budget.pdf.

Performance Measures

Income and Sales Taxes Paid by Representative Taxpayers

Despite the sales tax changes, the overall taxes paid in Saskatchewan are still significantly lower than they were in 2007.

Saskatchewan Income and Sales Taxes Paid by Representative Taxpayers

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Single-parent family earning $25,000	$176	$20	$(177)	$(128)	$(168)	$(182)	$(178)	$(187)	$(194)	$(194)	$(112)
One-income family earning $50,000	$3,679	$2,207	$2,098	$1,858	$1,471	$1,277	$1,186	$1,117	$1,003	$925	$1,158
Two-income family earning $75,000	$6,096	$4,710	$4,601	$4,571	$4,117	$3,965	$3,923	$3,874	$3,780	$3,768	$4,210

Source: Ministry of Finance, Tax Simulation Models

Saskatchewan's tax levels for representative taxpayers reflect the amount of after-tax or disposable income available to residents. Declining tax levels therefore suggest improvements in the relative prosperity of residents. A negative tax level indicates that refundable tax credits exceed taxes payable.

The performance measures are based on internal tax simulation calculations. Each of the measures is based on determining combined provincial income and sales taxes payable by representative family profiles.

For each family profile, provincial income taxes are calculated based on the following assumptions:

- each family has two dependent children;
- for the two-income family, one spouse earns 60 per cent of the total income and the other earns 40 per cent;
- the single-parent family and the two-income family claim $3,000 in deductible child care expenses; and
- each family claims available basic personal exemptions, dependent child credits and credits for Canada Pension Plan and Employment Insurance contributions.

The PST is calculated based on average family expenditure baskets from the Survey of Family Expenditures in 2014 (Statistics Canada). The refundable Saskatchewan Low-Income Tax Credit is also incorporated into the calculations.

Saskatchewan's 2017 profiles include the impact of the personal income tax rate reduction, the Saskatchewan Low-Income Tax Credit enhancements, as well as the sales tax rate increase and base expansions.

Interprovincial Tax Comparisons for Selected Average Family Profiles

Saskatchewan's Tax Competitiveness Rankings for Representative Taxpayers

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Single-parent family earning $25,000	3rd	2nd	2nd	2nd	1st	2nd	2nd	2nd	2nd	2nd	2nd
One-income family earning $50,000	3rd	2nd	2nd	2nd	2nd	2nd	2nd	1st	1st	1st	2nd
Two-income family earning $75,000	4th	3rd	3rd	2nd	2nd	2nd	2nd	2nd	2nd	2nd	2nd

Source: Ministry of Finance, Tax Simulation Models

Saskatchewan's interprovincial ranking with respect to the tax levels of representative taxpayers reflects the competitiveness of the province's tax system. This measure can be significantly impacted by tax changes initiated in Saskatchewan and by tax changes occurring in other provinces.

The performance measures are based on the same methodology as described in the measure examining income and sales taxes paid by representative taxpayers.

- Quebec's income tax calculations are adjusted for the child care expense tax credit and the 16.5 per cent federal tax abatement.

- Provincial sales taxes are calculated based upon average family expenditure baskets from the Survey of Family Expenditures in 2014 (Statistics Canada). The sales tax base in each province is identified from the enacting legislation, with total expenditures adjusted to reflect Saskatchewan consumption patterns. Provincial sales taxes are then estimated based on taxable expenditures in each province.
- Refundable provincial income tax credits designed to reduce the impact of income and sales taxes are also incorporated into the calculations.

Saskatchewan's taxes remain very competitive, despite the sales tax increase introduced in 2017.

Government Goals

Sustaining growth and opportunities for Saskatchewan people

Meeting the challenges of growth

Securing a better quality of life for all Saskatchewan people

Delivering responsive and responsible government

Strategic priorities from the *Saskatchewan Plan for Growth*: commitment to balancing the budget and retiring debt; and smaller, more effective government

Ministry Goal

Support excellence in governance and ensure accountability and compliance through our policies, frameworks, reporting and oversight

Key Actions and Results

Provide government-wide reporting though Public Accounts and annual reports, including reporting on the *Saskatchewan Plan for Growth* goals.

- The Government's financial statements demonstrate accountability for the resources, obligations and financial affairs for which the Government is responsible. Continued strong financial reporting through timely, reliable and relevant financial statements is essential to strong accountability.
- The Ministry is responsible for the preparation and release of the Public Accounts in accordance with *The Financial Administration Act, 1993*. Volume 1 contains the audited Summary Financial Statements (SFS) for the Province and related financial statement discussion and analysis. Volume 1 was tabled in the Legislative Assembly on July 22, 2016. Volume 2 contains General Revenue Fund (GRF) financial schedules and details, and other supplementary information. Volume 2 was tabled on October 27, 2016. The Public Accounts are available for public viewing at: http://finance.gov.sk.ca/public-accounts/
- 100 per cent of 2015-16 Annual Reports were table in accordance with the legislation as of July 29, 2016. All annual reports are available for public viewing at: http://www.finance.gov.sk.ca/PlanningAndReporting/reports/

Work with other ministries to develop and incorporate performance measures and indicators that are aligned with the *Saskatchewan Plan for Growth* and election platform commitments.

- The Ministry provides guidelines and templates for preparation of annual reports by all ministries, Treasury Board Crowns and agencies. These guidelines include advice for developing and incorporating metrics aligned to Government direction, including the *Saskatchewan Plan for Growth*, the throne speech, and other Government direction. Ministries prepare annual reports to report progress made on the annual plan. The Ministry of Finance reviews all annual reports. The annual reports are tabled with the Legislature in accordance with *The Executive Administration Act*.

Review current government reporting to ensure it is relevant and meets both user needs and Government priorities.

- The Ministry provided guidelines, templates and consultation for continuous improvement and annual plans, measures and annual reports. Continuous improvement opportunities are being pursued within the Planning and Accountability Management System. The performance management portion of the Management System was developed in 2016-17, with the creation of the Office of Planning, Performance and Improvement in September 2016, and is being worked on for improvement in 2017-18.
- With the year-end change of Crown Investments Corporation of Saskatchewan and its related subsidiaries (CIC Crowns) from December 31 to March 31, the Ministry worked with CIC and the Provincial Auditor to ensure the consolidation of the 15 month reporting period within the SFS was relevant and clear.

Ensure government-wide financial management policies and procedures are effective and the accounting policies are in accordance with Public Sector Accounting Board (PSAB) pronouncements.

- Accounting policies continue to evolve and have implications for the Government. The Ministry promotes accountability by providing input into the activities of Canadian and international accounting standard setting bodies and ensuring government-wide accounting policies are in accordance with PSAB standards. PSAB activities were closely monitored and feedback was provided on PSAB's Draft Strategic Plan for 2017 to 2020 and a proposal for Employment Benefits. The Ministry worked towards implementation of standards for Restructuring Transactions for April 1, 2016 and implementation of new standards for Related Party Disclosures, Assets, Contingent Assets and Contractual Rights effective April 1, 2017.
- The Ministry reviews the financial statements of entities and funds that are required to be tabled before the Legislative Assembly to ensure that disclosure is adequate and accounting policies are appropriate (this excludes the financial statements of entities responsible to the Crown Investments Corporation of Saskatchewan). The financial statements of 128 government entities were approved.
- Through management of the government-wide purchase card (P-card) program there is reduced administration and processing associated with the acquisition of high volume, low value goods and services balanced with sound controls. The Ministry worked to ensure that ministries used P-cards to make all eligible P-card purchases. In addition, P-card services were tendered and a five-year contract was awarded.
- The Provincial Auditor of Saskatchewan independently assesses Government's performance and provides recommendations to improve accountability practices. The Ministry assessed remedial action taken by ministries and agencies on financial management and accounting issues raised by the Provincial Auditor and provided advice as required.

Assess the internal controls of the Government's financial systems and assist in the development and implementation of improvements where required.

- The Ministry looks for significant deficiencies in financial programs/systems by conducting internal control reviews as required. Ministry programs and payments were audited using a risk-based approach. On a quarterly basis, the Ministry publicly reported losses of public money in ministries and Treasury Board Crowns.

Promote compliance with Saskatchewan's tax programs through taxpayer education and responsible, effective enforcement.

- The Ministry continues to provide quality service and accessible, reliable information as committed to in the Taxpayer Service Commitments and Standard Code.
- Presentations and feedback sessions were provided to industry associations and groups to educate and promote compliance with tax programs.
- Tax bulletins, information notices and rulings were updated and issued to help businesses better understand the tax rules. Updates were completed based on feedback from business or in conjunction with the business association.
- Over 850 proactive, on-site business visits and telephone calls were conducted to review compliance, answer tax questions, and provide clarification on how tax applies to specific business transactions.

Provide communication strategies that deliver timely, relevant and effective information for external audiences.

- The Ministry plays a key coordination role across government entities in the public communication of financial information including but not limited to the Provincial Budget, quarterly financial reports and the Public Accounts.

Continue to improve the relevance of policies and frameworks reflecting leading practices, alignment to client need, our culture and values.

- Replacement of the revenue management system is expected to be fully implemented in 2018-19. The Ministry will be implementing process improvements that will improve service to 60,000 businesses and 32,000 farmers operating in Saskatchewan.
- The Financial Administration Manual (FAM) communicates to ministries and public agencies, policies, procedures, and guidance necessary to support sound financial management and control of and accounting for public resources. The Ministry develops and proposes revisions to Treasury Board policies and Provincial Comptroller directives in FAM as required. The Ministry is focusing efforts to make FAM more principle based and to provide for greater efficiencies.

Develop improved policies and processes to support the Ministry's operations, including an improved governance structure for information technology solutions.

- In 2015-16, the Ministry implemented an Information Technology Management Committee (ITMC) in alignment with new governance policies across government. The role of ITMC is to oversee information technology projects and investments including the development of a five-year plan for all major applications with implementation underway.

Performance Measures

Benefit-Cost Ratio of Taxation Audit and Compliance Activities

The Ministry has increasingly placed more emphasis on promoting voluntary compliance of consumption tax statutes through education and outreach. The audit program remains an important tool to promote compliance with the province's tax laws and to ensure equity and fairness for all businesses operating in Saskatchewan.

The benefit-cost ratio (BCR) measures the value of audit and compliance activities in relation to the costs of performing these activities. In 2016-17, the Ministry achieved a BCR of 749 per cent, above the target of 395 per cent.

Fiscal Year	Return on Investment	
	Target	Adjusted Actual
2016-17	395%	749%
2015-16	380%	699%
2014-15	380%	470%
2013-14	380%	587%

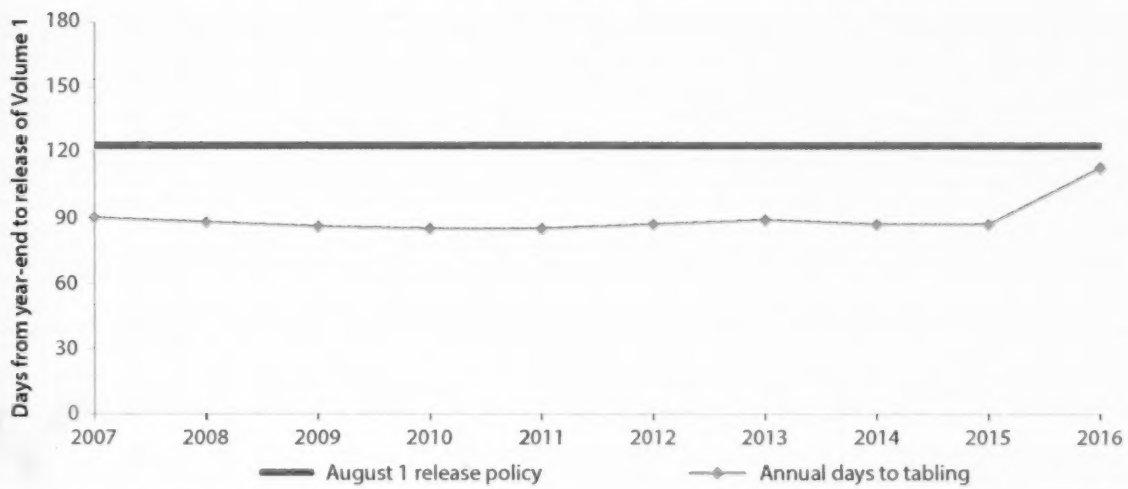
Source: Ministry of Finance, Revenue Division, Statistical Reports

This means for each dollar spent on audit and compliance, the Ministry generated $7.49 of incremental revenue to be used for Government priorities, including; health care, education, social services and assistance as well as needed infrastructure like highways, schools and health care facilities.

Timeliness of the Release of Public Accounts, Volume 1 and 2

The Public Accounts are key financial accountability documents that are publicly released on an annual basis. Under *The Financial Administration Act, 1993*, the Public Accounts must be tabled on or before October 31. The Government has established a policy of tabling Volume 1 of the Public Accounts no later than August 1. For the past several years, the Government has tabled Volume 1 in June. Volume 1 of the 2015-16 Public Accounts was released on July 22, 2016, as a result of the change in year end of the CIC Crowns. Public Accounts, Volume 2, was tabled October 27, 2016.

Timeliness Trend: Release of Volume 1 of the Public Accounts



Source: Saskatchewan Public Accounts

Percentage of Entities Meeting Tabling Deadline

Pursuant to *The Executive Government Administration Act*, entities are required to table their financial statements within 120 days of their year-end. The Ministry, on behalf of Treasury Board, provides approval of the form and content of the financial statements in advance of the tabling. The Ministry helps ensure Government entities table their financial statements on time through clear communication of tabling deadlines and by monitoring compliance with tabling deadlines. The Ministry works with entities that were unable to meet the tabling deadline to resolve any outstanding issues to ensure future compliance.

Fiscal Year	Percentage of Entities Meeting Tabling Deadline
2016-17	97%
2015-16	95%
2014-15	93%
2013-14	89%
2012-13	94%
2011-12	91%
2010-11	86%
2009-10	86%
2008-09	77%
2007-08	76%

Source: Legislative Assembly of Saskatchewan website

Public Service as a Percentage of the Saskatchewan Population

Effective April 1, 2016, *The Growth and Financial Security Act*, which defined and required Government to monitor the Public Service as a Percentage of the Saskatchewan Population, was repealed.

Government Goals

Sustaining growth and opportunities for Saskatchewan people

Meeting the challenges of growth

Securing a better quality of life for all Saskatchewan people

Delivering responsive and responsible government

Strategic priorities from the *Saskatchewan Plan for Growth*: commitment to balancing the budget and retiring debt; and smaller, more effective government

Ministry Goal

Programs and services meet client needs effectively and efficiently

Key Actions and Results

Continue to modernize revenue administration through the implementation of a new Revenue Management System.

- The Revenue System Replacement Project is a four-year project with finalization expected in 2018-19.
- 2016-17 has been a significant year with the first release of fuel and tobacco tax programs implemented in November 2017. As part of this implementation, all fuel and tobacco tax clients are filing tax returns electronically and the Federal Business Number was adopted as the single client identifier, allowing these businesses to communicate with both the federal and provincial programs using one number.
- The new system will provide a single view of businesses across tax programs that will increase efficiency, enhance customer service, and provide improved self-service capabilities.

Undertake program reviews, implement recommendations and monitor outcomes.

- The Ministry values continuous improvement efforts and always looks for better and more efficient ways to serve our clients and undertake our work.
- As a key component of Government's accountability process, the Ministry of Finance uses program review to continuously improve its programs and services.

Continue to implement the Ministry Information Technology Plan to address business needs.

- An information technology plan was approved and implementation of the plan began in 2015-16 and is ongoing.

Continue to review the Ministry's performance measures.

- The Ministry undertook work to review and refine performance measures in 2016-17 and this work will continue in 2017-18.

Identify and conduct process efficiency reviews, ensuring we understand client needs and applying LEAN methodologies and techniques.

- The Ministry undertook seven LEAN events including work on process reviews to support the Revenue System Replacement Project, process improvements within the Ministry as well as continuous improvement events with other ministries within Executive Government.
- Resulting from a LEAN event, a new process has been rolled out to ministries to standardize the receipt of electronic deposits.

Deliver financial management fundamentals training for public service employees to build financial management capacity in the public service.

- The Ministry continued to support the Public Service Commission's delivery of training for new employees on effective financial management and control practices. The Ministry also continued to host personalized financial management orientation sessions for new Corporate Services heads, and to provide ongoing purchase card holder, approver and coordinator training for Ministry employees.

Provide accounts payable and travel expense claim processing services for Executive Government and continue to review and refine processes to maximize efficiencies.

- The fourth full year of providing centralized accounts payable and travel expense claim processing services for Executive Government was successfully completed in 2016-17.
- Refinements were initiated or introduced to further improve and streamline processing and client service, and ensure timeliness is maintained.

Provide cash management, investment and capital borrowing services for Executive Government, Crown corporations, and other Government agencies.

- Debt servicing is a continuous process. During 2016-17, all outstanding debt was serviced timely and accurately.
- The Ministry ensured that the short and long-term cash requirements of Crown corporations and Government agencies were met.

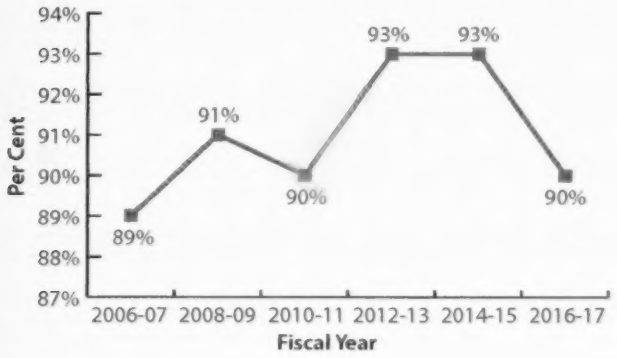
Assist public sector employers in strategy development and problem resolution as collective bargaining proceeds.

- Ministry staff work with employers to assist in the development of mandate submission as well as with employers' negotiators to ensure adherence to approved mandates.

Performance Measures

Client Satisfaction of Businesses which Collect Taxes on Behalf of Government

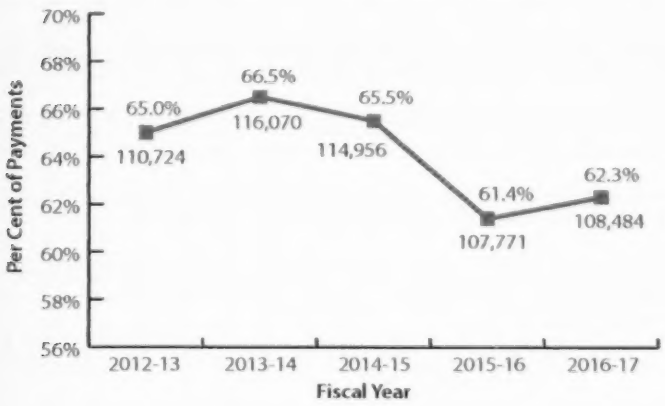
Overall Client Satisfaction



The Ministry is committed to conducting biennial satisfaction surveys of businesses collecting taxes on behalf of the Government. This measures the degree of client satisfaction with Finance's quality of services and timeliness of responses, refunds and adjustments. This allows businesses to evaluate Finance's performance and helps Finance to determine potential improvements for the timeliness of responses, refunds and adjustments.

In 2016, surveys were sent to 1,072 businesses based on a random sample of businesses that collect PST, Fuel Tax, Tobacco Tax, Corporation Capital Tax, Liquor Consumption Tax, Farm Fuel Program, and International Fuel Tax Agreement. The biennial client satisfaction survey will be conducted again in 2018-19 as a means of measuring client satisfaction.

Percentage of Tax Payments Processed Electronically



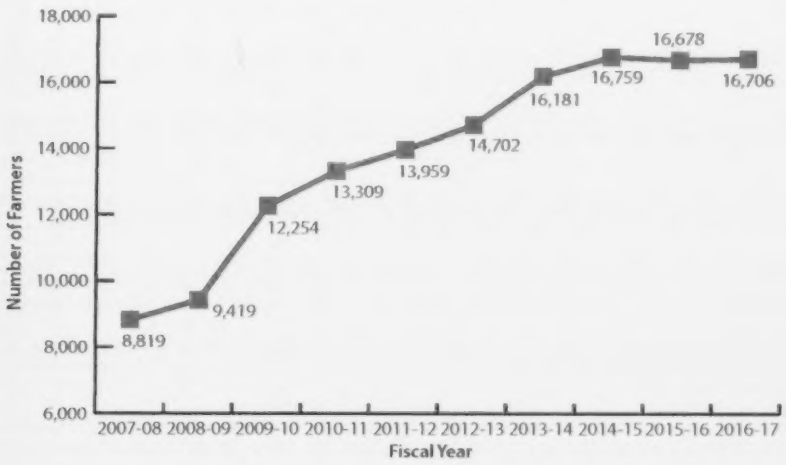
The Ministry strives to provide excellent client services by ensuring that businesses have access to all electronic options for making tax payments. The percentage of tax payments processed electronically measures how well the Ministry is meeting its objective of streamlining regulatory compliance. Businesses that use electronic methods to make payments are able to save time and money on regulatory compliance and channel their resources to other activities. In addition, the Ministry realizes a reduction in the cost of processing payments when the tax return and payment are received electronically. The measure is determined from internal statistical reports.

The Ministry continuously works with financial institutions to ensure that businesses are able to make tax payments through any of the financial institutions' electronic payment services that provide sufficient payee information. The percentage of tax payments processed electronically has grown over time, and efforts to promote the use of electronic services will continue. However, Finance has limited influence over this measure as many businesses have internal controls that only permit issuance of cheques and some businesses simply prefer to issue a cheque.

The percentage of tax payments processed electronically for 2016-17 marginally increased by 0.9 per cent. The downward trend since 2013-14 is primarily due to the continued impacts of financial institutions no longer accepting tax payments under the Acceptance of Payments Agreement. While some businesses affected have converted to other forms of electronic payment services, some have reverted back to non-electronic processes.

Number of Farmers that Applied for Fuel Tax Permit Renewals Online

Number of Farmers Using SETS



Saskatchewan Electronic Tax Services (SETS) offers farmers a secure, fast and convenient alternative to filing their Fuel Tax exemption permit renewal in paper format. The number of farmers that filed permit renewals online tracks Finance's progress towards easing tax compliance and reducing the regulatory burden.

As a result of a LEAN project completed in 2012-13, recommendations were implemented to provide efficiencies in the administration of the Farm Fuel Program. Through the automation of manual processes and reallocation of resources, processing timeliness and client service have and will continue to improve. The Ministry continues to promote SETS as it is more convenient for program applicants and it reduces the cost of program administration.

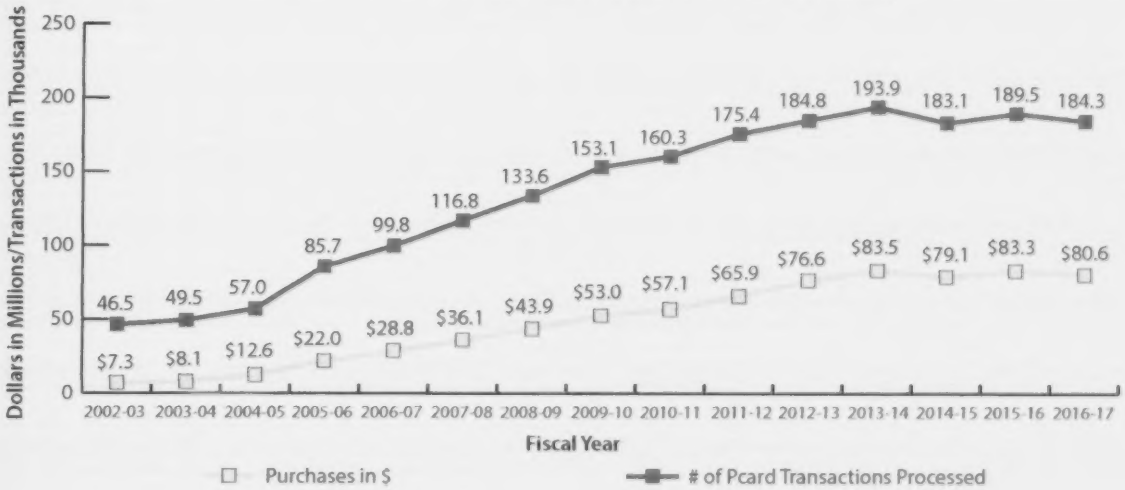
Purchase Card Usage in the Government

Purchase cards are a cost-effective way of making payments. Through the use of purchase cards, the Government is able to reduce administration and costs associated with the processing and payment of low dollar value purchases of goods and/or services up to a $10,000 per transaction limit.

The total number and dollar value of purchase card transactions measures the level of efficiency being achieved.

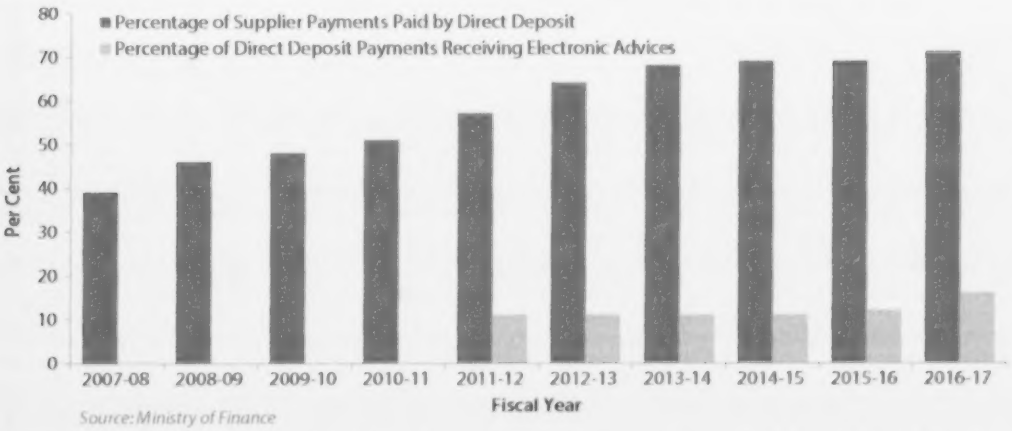
For 2016-17, the number of purchases reached 184,251 transactions totaling $80.6 million. This is a significant improvement from the inception of the purchase card program. The Ministry believes a significant reason for the increase in percentage usage from the prior year is attributable to an enhanced effort to increase usage through review of all government paid suppliers and their ability to be paid using the purchase cards, despite being in a time of fiscal restraint. The Ministry continues to work to improve the usage across government, which contributes to the best use of public funds.

Purchase Card Program: Fifteen Year History



Source: Ministry of Finance Statistical Reports

Direct Deposit and Electronic Advice Usage for Supplier Payments



Source: Ministry of Finance

Continued improvements in the efficiency of the Government's payment processes through the use of direct deposit and electronic advices contribute to the best use of public funds. This is an ongoing program that started in 2007-08. In the 10 years that the measure has been reported, direct deposits have increased from 38 per cent to 71 per cent. Commencing in 2011-12, electronic advices were offered as an option to paper. Currently, six per cent of the direct deposit payment advices are distributed electronically, an increase of five per cent over the previous year.

The Ministry continues to pursue the elimination of cheques and paper advices. The uptake of both these initiatives is dependent on acceptance by suppliers. The use of electronic advices is also limited by the availability of the Internet to suppliers.

Government Goals

Sustaining growth and opportunities for Saskatchewan people

Meeting the challenges of growth

Securing a better quality of life for all Saskatchewan people

Delivering responsive and responsible government

Strategic priorities from the *Saskatchewan Plan for Growth*: commitment to balancing the budget and retiring debt; and smaller, more effective government

Ministry Goal

The Ministry is an employer of choice

Key Actions and Results

Continue to implement the Ministry's Culture Sustainment Plan

- Based on the 2016-17 Employee Engagement and Culture Survey, the Ministry's Culture Sustainment Plan has been refreshed with key actions focused on recognition, communications, innovation as well as the development of a more thorough Ministry orientation.

Monitor and improve ministry/division/branch and individual plans to ensure alignment to the *Saskatchewan Plan for Growth*, Government direction, and the Ministry mandate.

- Government's Planning and Accountability Management System was presented to all staff within the Ministry so that they could gain an understanding of how ministry/division/branch and their individual plans align with Government's direction.
- The Ministry actively monitored the performance and accomplishments of the Ministry-wide plan.

Continue to develop and begin implementing a Ministry Human Resources Plan

- Background work and data gathering continued in 2016-17 on a Human Resource Plan. The plan will be completed in fiscal 2017-18.

Performance Measures

Performance measures to be developed.

2016-17 Financial Overview

Ministry of Finance Appropriation and Expense

Program	(in thousands of dollars) 2015-16 Actual	2016-17 Budget	2016-17 Actual	2016-17 Variance	
Central Management and Services	6,286	6,544	7,030	486	1
Treasury and Debt Management	1,910	2,145	1,483	(662)	2
Provincial Comptroller	9,284	11,207	9,196	(2,011)	3
Budget Analysis	4,980	5,498	5,210	(288)	4
Revenue					
Revenue Division	23,138	22,526	20,555	(1,971)	5
Allowance for Doubtful Accounts	900	900	900	-	
CRA Income Tax Administration	1,435	1,435	1,435	-	
Commission to Collect Tax (Statutory)	10,104	9,000	9,108	108	
Personnel Policy Secretariat	470	510	471	(39)	
	-	-	-	-	
Miscellaneous Payments					
Bonding of Public Officials	20	45	21	(24)	
Unforeseen and Unprovided For	-	10	-	(10)	
Implementation of Guarantees (Statutory)	-	15	-	(15)	
Pension and Benefits*					
Public Service Superannuation Plan (Statutory)	131,790	133,629	130,315	(3,314)	6
Members of the Legislative Assembly – Pensions and Benefits (Statutory)	2,401	3,540	3,554	14	
Judges' Superannuation Plan (Statutory)	5,938	6,283	6,232	(51)	
Public Employees Pension Plan	65,486	63,899	66,959	3,060	7
Canada Pension Plan – Employer's Contribution	28,967	30,560	30,828	268	8
Employment Insurance – Employer's Contribution	14,406	15,173	14,181	(992)	9
Workers Compensation – Employer's Assessment	10,565	10,695	10,370	(325)	10
Employees' Benefits – Employer's Contribution	36,103	35,737	36,692	955	11
Services to Public Service Superannuation Plan (PSSP) Members	1,010	1,065	919	(146)	
Public Employees Benefits Agency Revolving Fund – Subsidy	-	-	-	-	
Appropriation	**355,193**	**360,416**	**355,459**	**(4,957)**	
Less: Capital Asset Acquisitions	($8,715)	(7,450)	(6,280)	1,170	12
Add: Capital Asset Amortization	463	608	590	(18)	
Expense	**346,941**	**353,574**	**349,769**	**(3,805)**	

* The Ministry follows Treasury Board's non-GAAP accounting policy for recording pensions and benefits expenses. These expenses are recorded on a cash basis as opposed to an accrual basis.

Overview of Ministry Expense

In 2016-17, the Ministry had expenses of $349.8 million, $3.8 million under the Budget Estimate of $353.6 million. Excluding pensions and benefits, the Ministry spent $49.7 million, $3.3 million under the Budget Estimate of $53.0 million, primarily a result of under expenditures in salaries due to vacancies, information technology costs, and other operating expenses.

Spending for pensions and benefits was $300.1 million, $0.5 million under the Budget Estimate of $300.6 million. This decrease was due to lower-than-anticipated costs under the PSSP, lower Employment Insurance and Workers Compensation Board premiums due to January 1, 2017 rate decreases; offset by higher Public Employees Pension Plan and Public Employee Benefits Plan and Canadian Pension Plan contributions.

Explanation of Major Variances:

1. Increased salaries and operating costs due to the internal reorganization of the accounting and settlement functions from Treasury and Debt Management, increased communication costs due to the production of two budgets in the fiscal year, as well as increased central IT and mail costs.
2. Lower salaries and operating costs due to the internal reorganization of the accounting and settlement functions to the Ministry of Central Services, as well as lower investment and other operating costs.
3. Lower salaries due to vacancy management and delayed staffing, as well as reduced central financial system support costs and operating expenses.
4. Lower salaries due to vacancy management, as well as reduced operating expenses; partially offset by increased expenses due to the creation of the new Office of Planning, Performance and Improvement.
5. Lower salaries due to vacancy management, reduced operating expenses and some costs for the Revenue System Replacement Project were deferred to future years.
6. Decreased costs due mainly to lower superannuation allowances paid to retirees than what was anticipated in the actuarial valuation.
7. Increased costs resulting from higher than budgeted salaries across government.
8. Increased costs due to retroactive payments that were required for contractors who were deemed to be employees of the Government.
9. Decreased costs due to a rate decrease that was effective January 1, 2017.
10. Decreased costs due to a rate decrease that was effective January 1, 2017.
11. Increased costs resulting from higher than budgeted salaries across government.
12. Decreased costs as some costs for the Revenue System Replacement Project were deferred to future years, as well as other costs that were budgeted as capital asset acquisitions were recorded as expenses.

For More Information

If you have any questions or comments, please call 1-866-862-6246.

For additional copies of this Annual Report, call 306-787-6623.

Information on all Saskatchewan Finance programs and services, as well as this Annual Report, can be accessed at www.saskatchewan.ca/finance

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http://peba.gov.sk.ca

Consumption Tax Inquiries
Toll Free: 1-800-667-6102
Regina area: (306) 787-6645

Saskatchewan Bureau of Statistics
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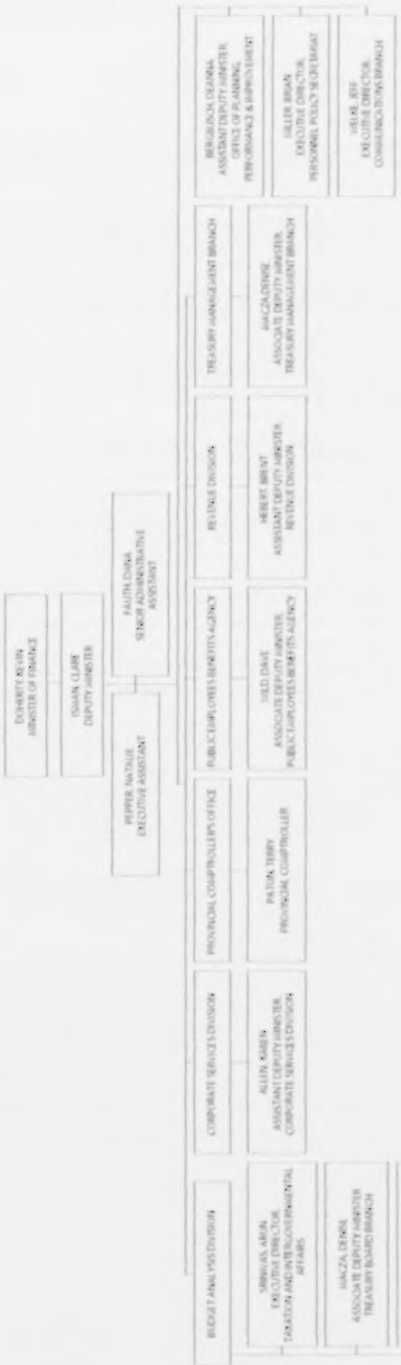
Appendices

Appendix A: Organizational Chart



Appendix B: Legislation

Under Order in Council 369/2016 dated August 23, 2016, the Minister of Finance is responsible for the following Acts of the Legislative Assembly:

Accounting Profession Act
Certified Management Consultants Act
Corporation Capital Tax Act
Financial Administration Act, 1993 (Subject to OC 206/2002)
Fuel Tax Act, 2000
Home Energy Loan Act
Income Tax Act
Income Tax Act, 2000
Insurance Premiums Tax Act
Liquor Consumption Tax Act
Members of the Legislative Assembly Benefits Act
Motor Vehicle Insurance Premiums Tax Act
Municipal Employees' Pension Act
Municipal Financing Corporation Act
Political Contributions Tax Credit Act
Provincial Auditor Act
Provincial Sales Tax Act
Public Employees Pension Plan Act
Public Service Superannuation Act
Revenue and Financial Services Act
Saskatchewan Pension Annuity Fund Act
Saskatchewan Pension Plan Act
Statistics Act
Superannuation (Supplementary Provisions) Act
Tobacco Tax Act, 1998

Although not listed in the Order-in-Council, the Minister is also responsible for *The Appropriation Act*.